

Introduction

The Uganda Macroeconomic Digest for April 2026 provides an overview of developments in Uganda’s macroeconomic environment. The report analyzes key economic indicators, including inflation, business sentiment and economic activity, exchange rates, interest rates, domestic credit, merchandise trade performance (exports and imports), as well as the country’s economic outlook and associated risks.

Annual Inflation:

Uganda’s annual headline inflation, as measured by the Consumer Price Index (CPI), increased slightly to 3.0 percent in the 12 months ending April 2026, up from 2.8 percent recorded in March 2026. This modest rise was driven by upward pressure from energy-related items, which outweighed the easing of food crop prices.

Energy, Fuel and Utilities (EFU) inflation recorded a significant increase to 6.1 percent in April 2026 from 4.1 percent in March 2026, thereby emerging as the main driver of the rise in headline inflation. This increase was largely driven by higher liquid fuel prices, with annual liquid fuel inflation rising sharply to 7.7 percent in April 2026 compared to 2.8 percent in March 2026. Petrol inflation increased to 8.7 percent in April 2026 from 4.4 percent in March 2026, diesel inflation rose to 10.8 percent in April 2026 from 3.0 percent in March 2026, and kerosene inflation climbed to 7.5 percent in April 2026 from 0.1 percent in March 2026. In addition, charcoal prices continued their upward trend, recording 9.0 percent in April 2026 compared to 8.1 percent in March 2026, thereby further reinforcing pressure from household energy costs.

Core inflation also edged upwards, increasing to 3.0 percent in April 2026 from 2.9 percent in March 2026, largely on account of services inflation, which rose to 4.1 percent in

April 2026 from 4.0 percent in March 2026. Within services, passenger transport services registered a sharp increase to 4.2 percent in April 2026 compared to 0.6 percent in March 2026, reflecting rising transport costs linked to higher fuel prices. Similarly, inflation in restaurants, cafés and related services increased slightly to 4.1 percent in April 2026 from 3.8 percent in March 2026, indicating gradual pass-through effects of cost pressures.

Food crops and related items inflation declined to 0.6 percent in April 2026 from 1.0 percent in March 2026, reflecting easing price pressures across several horticultural products. Tomato inflation fell further to minus 18.7 percent in April 2026 from minus 13.0 percent in March 2026, mango inflation declined to minus 20.9 percent in April 2026 from minus 6.0 percent in March 2026, and sweet potatoes inflation eased to minus 1.3 percent in April 2026 from 0.7 percent in March 2026. In addition, Irish potatoes inflation slowed to 6.7 percent in April 2026 from 10.9 percent in March 2026, while cabbage inflation moderated to 17.9 percent in April 2026 from 24.3 percent in March 2026, although it remained relatively elevated compared to other food crops.

3.0%



Headline inflation increased from 2.8% in March to 3.0% in April 2026

3.0%



Core inflation increased from 2.9% in March to 3.0% in April 2026

0.6%



Food Crops and Related Items inflation declined from 1.0% in March to 0.6% in April 2026

6.1%

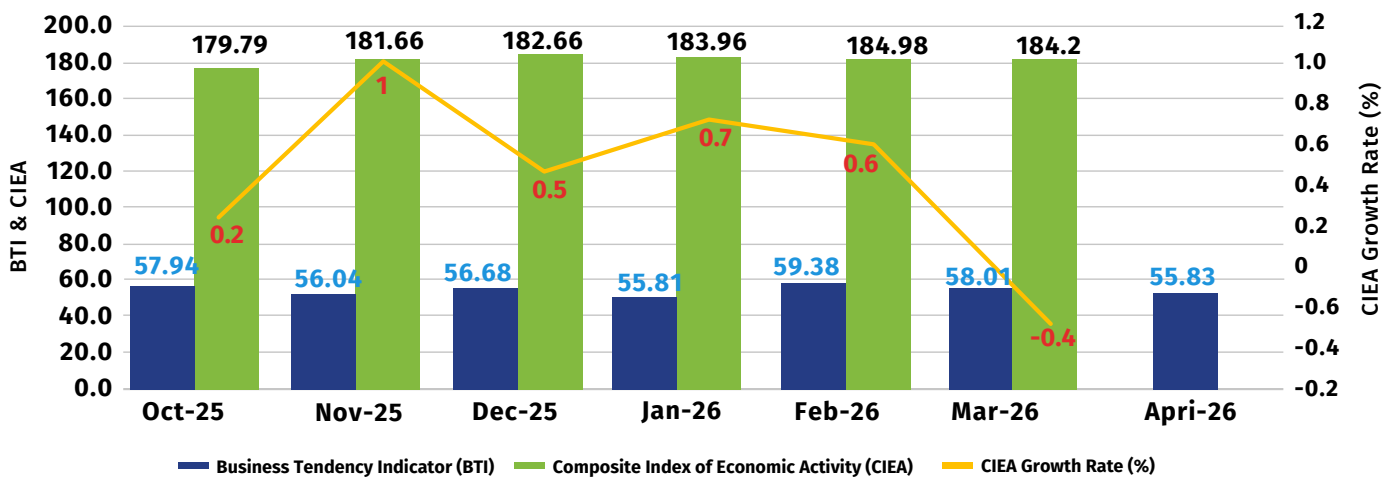


Energy Fuel and Utilities (EFU) inflation increased from 4.1% in March to 6.1% in April 2026

Business Perceptions and Economic Activity:

Business sentiment and economic activity indicators showed a slight weakening over the period from February to April 2026. The Business Tendency Indicator (BTI) declined from 58.01 in March 2026 to 55.83 in April 2026, reflecting easing optimism among enterprises amid rising input costs, and heightened global uncertainty. This uncertainty was partly linked to geopolitical tensions in the Middle East arising from the ongoing US-Israel-Iran conflict, as well as increased risks surrounding the Strait of Hormuz, a key global shipping chokepoint for crude oil, which contributed to volatility in global oil prices and supply chains through elevated transport costs and risk premiums. Similarly, the Composite Index of Economic Activity (CIEA) declined by 0.4 percent, from 184.98 in February 2026 to 184.20 in March 2026, indicating a slowdown in economic activity driven by weaker demand and elevated uncertainty

Figure 1 : Business Tendency Indicator (BTI) and Composite Index of Economic Activity (CIEA), October 2025 to April 2026



Source: Bank of Uganda's Macroeconomic Indicators, April 2026

Exchange Rate Movements:

The Uganda Shilling appreciated slightly by 0.4 percent against the US Dollar in April 2026, strengthening from an average exchange rate of UGX 3,730.5/USD in March 2026 to UGX 3,716.7/USD in April 2026, thereby reversing the 4.5 percent depreciation recorded in March 2026. The appreciation was partly supported by strong foreign exchange inflows from Uganda's booming gold exports, as elevated global gold prices increased export earnings and boosted dollar inflows into the economy.

UGX 3,716.7/USD

Average exchange rate (UGX/USD) for April 2026





Interest Rate Movements:

The Central Bank Rate (CBR) remained unchanged at 9.75% in both March and April 2026, reflecting the Bank of Uganda's cautious monetary policy stance amid persistent global economic uncertainty linked to external shocks, including the escalating US–Israel–Iran conflict. The decision to maintain the policy rate signaled efforts to sustain price stability, support exchange rate stability, and anchor inflation expectations in the economy. The lending rates on Uganda Shilling-denominated loans increased slightly from 18.73% in February 2026 to 18.89% in March 2026, partly reflecting the relatively tight monetary policy environment, and elevated risk perceptions among commercial banks.

9.75%

Central Bank Rate (CBR) for April 2026

18.89%

Lending Rates for UGX Loans for March 2026

Domestic Credit:

Domestic credit increased by 1.1 percent, rising from UGX 52.48 trillion in February 2026 to UGX 53.03 trillion in March 2026. This growth was mainly driven by a 2.0 percent increase in private sector credit, which rose from UGX 28.58 trillion to UGX 29.16 trillion, reflecting improved lending to businesses and households. Meanwhile, Net Credit to Government (NCG) declined slightly by 0.3 percent, from UGX 22.54 trillion to UGX 22.47 trillion, suggesting reduced government borrowing from the domestic financial system during the period.

Ush. 53.03 Trillion

Domestic Credit increased by 1.1% in March 2026

Ush. 29.16 Trillion

Private Sector Credit increased by 2.0% in March 2026

Ush. 22.47 Trillion

Net Credit to the Government (NCG) declined by 0.3% in March 2026

Merchandise Trade Balance and Terms of Trade:

Uganda's trade balance improved by 29.5 percent, with the trade deficit declining from USD 67.76 million in February 2026 to USD 47.75 million in March 2026. This improvement was driven by a 5.8 percent increase in export earnings, from USD 1,367.42 million to USD 1,446.12 million, which outpaced the 4.1 percent rise in import payments from USD 1,435.18 million to USD 1,493.87 million. However, the terms of trade index declined by 9.1 percent, from 147.58 in February 2026 to 134.22 in March 2026, indicating a deterioration in export prices relative to import prices.

Trade balance improved by

29%

in March 2026

Total Exports of Goods-fob increased by

5.8%

in March 2026

Total Imports of Goods - fob increased by

4.1%

in March 2026

Terms of Trade Index declined by

9.1%

in March 2026

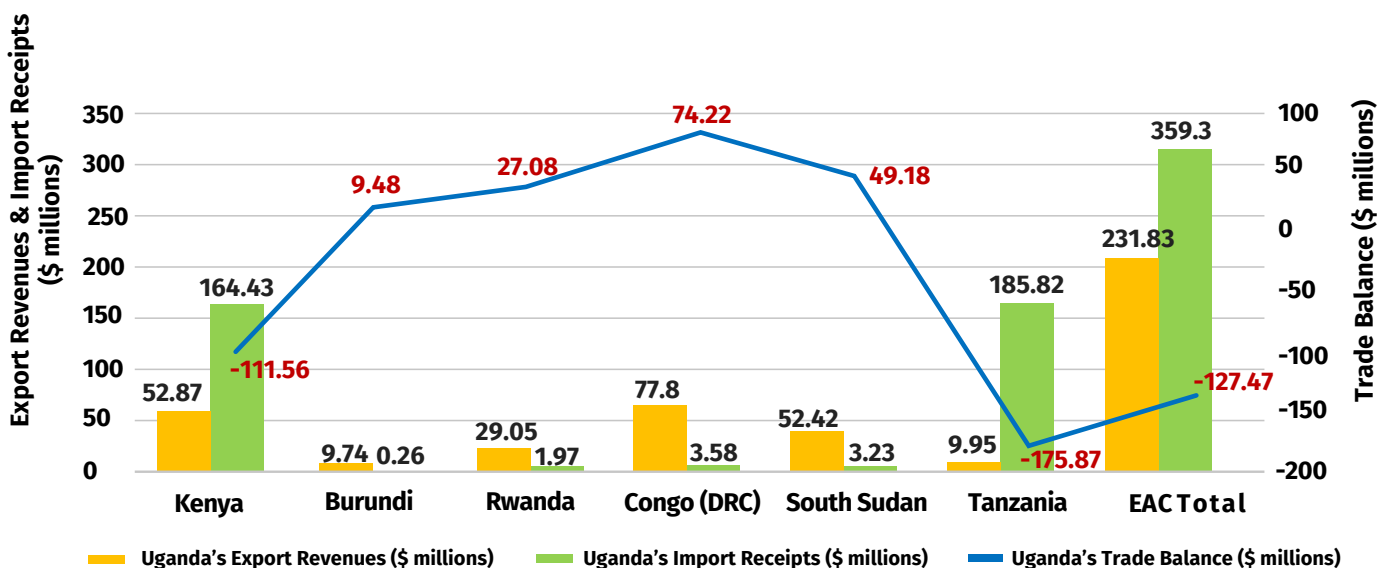


Uganda's Trade Balance with the East African Community (EAC):

In March 2026, Uganda recorded total export revenues of USD 231.83 million from the East African Community (EAC) region, while import payments to the bloc amounted to USD 359.30 million, resulting in an overall trade deficit of USD 127.47 million. The trade deficit was largely driven by high import expenditures on goods from Tanzania and Kenya. Uganda's imports from Tanzania amounted to USD 185.82 million against export revenues of USD 9.95 million, resulting in the largest bilateral trade deficit of USD 175.87 million. Similarly, imports from Kenya totaled USD 164.43 million compared to export revenues of USD 52.87 million, leading to a trade deficit of USD 111.56 million. These trade patterns continued to reflect Uganda's reliance on Kenya and Tanzania for petroleum products, manufactured goods, industrial inputs, and other strategic imports within the EAC region.

Despite the overall regional trade deficit, Uganda registered strong trade surpluses with several EAC partner states during March 2026, particularly the Democratic Republic of Congo (D.R.C.), South Sudan, Rwanda, and Burundi. Uganda's export revenues to the D.R.C. amounted to USD 77.80 million compared to imports valued at USD 3.58 million, resulting in a trade surplus of USD 74.22 million, the highest within the region. Exports to South Sudan totaled USD 52.42 million against imports worth USD 3.23 million, generating a trade surplus of USD 49.18 million. Uganda also recorded a trade surplus of USD 27.08 million with Rwanda after exporting goods worth USD 29.05 million and importing goods valued at USD 1.97 million. Trade with Burundi generated a surplus of USD 9.48 million, with export revenues amounting to USD 9.74 million compared to imports valued at USD 0.26 million.

Figure 2: Uganda's Merchandise Trade Balance with the EAC in March 2026 (Million USD): Exports Vs. Imports



Source: Bank of Uganda's Macroeconomic Indicators, March 2026



Uganda's Export Revenues from Selected Commodities:

Coffee export earnings declined by 4.2 percent from USD 180.98 million in February 2026 to USD 173.37 million in March 2026, despite a 26.7 percent increase in export volumes from 6.12 million 60-kilogram bags to 7.75 million bags. The decline in export revenues was attributed to lower international coffee prices during the period. Globally, Arabica coffee prices declined slightly by 0.9 percent, from US\$7.37/kg in March 2026 to US\$7.30/kg in April 2026, reflecting improved supply conditions in Brazil and easing speculative demand. Similarly, the global robusta coffee prices decreased by 6.9 percent, from US\$3.90/kg to US\$3.63/kg, supported by improved harvest prospects and stronger exports from major producers such as Vietnam and Indonesia.

Cotton export earnings increased significantly by 213.9 percent from USD 0.78 million in February 2026 to USD 2.45 million in March 2026, despite export volumes declining by 40.0 percent from 68,658.95 bales (185 kg) to 41,170.63 bales. The increase in export revenues was attributed to improved global cotton prices and higher export value realization. Globally, cotton prices increased significantly by 11.9 percent, rising from US\$1.70/kg in March 2026 to US\$1.90/kg in April 2026. The increase was supported by recovering global textile demand, particularly from China and Bangladesh, tightening global inventories, and rising transport and production costs associated with elevated energy prices.

Tea export revenues increased by 6.7 percent from USD 4.07 million in February 2026 to USD 4.35 million in March 2026, despite export volumes declining by 21.5 percent from 69,977.66 tons to 54,966.16 tons. The increase in export earnings was attributed to favorable international tea prices during the period. The global tea prices increased by 5.0 percent, rising from US\$2.69/kg in March 2026 to US\$2.83/kg in April 2026. The increase was mainly driven by lower auction supplies in producing countries such as Kenya and Sri Lanka, as well as stronger demand from export markets in the Middle East and Asia.

Export earnings from fish and fish products declined by 8.6 percent from USD 11.28 million in February 2026 to USD 10.31 million in March 2026, mainly due to a 17.9 percent reduction in export volumes from 25,885.35 tons to 21,256.90 tons. Simsim export revenues increased by 8.3 percent from USD 1.35 million in February 2026 to USD 1.46 million in March 2026, attributed to a 44.1 percent increase in export volumes from 17,171.97 tons to 24,749.69 tons during the same period.

Maize export earnings declined by 27.0 percent from USD 10.01 million in February 2026 to USD 7.30 million in March 2026, largely due to a sharp 58.3 percent decline in export volumes from 562,291.43 tons to 234,532.03 tons. Similarly, beans export earnings declined by 4.2 percent from USD 4.58 million in February 2026 to USD 4.39 million in March 2026, mainly attributed to a 23.3 percent decline in export volumes from 108,067.10 tons to 82,889.60 tons.



Uganda's Formal Private Sector Import Bill for Selected Commodities:

Uganda's formal private sector import bill increased by 3.4 percent to USD 1,468.10 million in March 2026 from USD 1,419.26 million in February 2026, reflecting continued demand for industrial inputs, consumer goods, and investment-related imports. Mineral products excluding petroleum products remained the largest import category despite declining by 6.8 percent from USD 596.73 million in February 2026 to USD 555.94 million in March 2026. Similarly, petroleum product imports declined by 2.9 percent from USD 147.15 million in February 2026 to USD 142.95 million in March 2026, partly attributed to heightened uncertainty in global oil markets arising from the United States–Israel–Iran conflict and disruptions along key global shipping routes, particularly the Strait of Hormuz. Imports of machinery, equipment, vehicles, and accessories increased by 11.9 percent from USD 229.43 million in February 2026 to USD 256.85 million in March 2026, signaling sustained private sector investment in industrial production, transport, and infrastructure-related activities. Chemical and related product imports also rose by 21.3 percent from USD 80.19 million in February 2026 to USD 97.25 million in March 2026, supported by increased demand for pharmaceutical products, industrial chemicals, and agricultural inputs. In addition, imports of plastics, rubber, and related products increased by 10.9 percent from USD 57.46 million in February 2026 to USD 63.72 million in March 2026.

The increase in the import bill was further supported by higher imports of consumer and agro-related products. Imports of vegetable products, animal products, beverages, fats, and oils increased by 23.6 percent from USD 100.62 million in February 2026 to USD 124.40 million in March 2026, while prepared foodstuff, beverages, and tobacco imports rose by 27.3 percent from USD 31.32 million to USD 39.88 million over the same period, reflecting increased domestic demand and business restocking activities. Miscellaneous manufactured articles registered a strong growth of 34.9 percent from USD 33.88 million in February 2026 to USD 45.71 million in March 2026, while textile and textile product imports increased by 9.9 percent from USD 30.42 million to USD 33.42 million. Imports of wood and wood products also rose by 25.0 percent from USD 13.90 million in February 2026 to USD 17.38 million in March 2026. In contrast, imports of base metals and their products declined by 4.6 percent from USD 88.27 million to USD 84.24 million, while animal and animal product imports recorded a significant decline of 35.7 percent from USD 9.89 million in February 2026 to USD 6.36 million in March 2026.

Uganda's Economic Outlook and Risks:

Uganda's economic outlook remains generally favorable, supported by continued infrastructure development, expanding regional trade, private sector activity, and ongoing investments in strategic sectors of the economy. Growth for FY2025/26 is projected in the range of 6.5 percent to 7.0 percent, while medium-term growth is expected to average about 8.0 percent, driven by large-scale infrastructure projects, sustained private sector investment, and anticipated progress in oil sector developments. The continued implementation of government programmes such as the Parish Development Model (PDM), the Emyooga Programme, and Uganda Development Bank financing initiatives is also expected to stimulate production, household incomes, and business activity. In addition, growth in construction and manufacturing activities, improved regional trade, and rising investment in the extractive sector are expected to further support economic expansion over the medium term.

Despite the favorable outlook, Uganda's growth prospects remain exposed to several domestic and external risks. Escalating geopolitical tensions and global trade uncertainties, particularly the United States–Israel–Iran conflict, may disrupt global trade routes and supply chains, increase commodity prices, and weaken global demand, with implications for Uganda's trade and overall economic performance. Higher global fuel prices could increase production and transport costs for businesses, while adverse weather conditions may negatively affect agricultural production and rural economic activity. In addition, weaker global economic growth may reduce export demand, investment inflows, and external financing. Delays in strategic investments, especially in the oil sector, could also slow the pace of medium-term economic expansion. Nevertheless, continued investment in infrastructure, productive sectors, regional trade integration, and private sector development is expected to strengthen Uganda's economic resilience going forward.



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